

The complaint

Mr S complained because Lloyds Bank PLC refused to refund him for a transaction he said he hadn't authorised.

What happened

On 6 September 2023, an online £8,000 payment was made from Mr S's Lloyds credit card, to a university. It was made online, using Strong Customer Authentication (SCA), and it was authorised through a one-time passcode (OTP) sent to Mr S's mobile phone. It debited his account the next day, 7 September 2023.

On 29 July 2024, Mr S rang Lloyds to dispute the payment. He said that he hadn't been in the UK at the time of the payment, and had been abroad because a relative had died.

Lloyds didn't agree to refund Mr S, and he complained.

Mr S told Lloyds that at the time of the payment he'd left his card in the UK with his family while he'd been abroad. He said he didn't know how the payment had been authorised using his mobile phone. There were multiple transactions before and after this payment, which Mr S told Lloyds were genuine.

Lloyds sent Mr S its final response to his complaint on 14 August 2024. It said it had considered what Mr S had told them; the activity on his account; and the information it held on its systems. It said that records showed that at the time of the payment, Mr S had been logged in to his internet banking. He'd told Lloyds that no-one else had access to his internet banking, or knew his password, and that his family hadn't made the payment. So there was no explanation about how a fraudster could have accessed Mr S's device. Lloyds said that records showed it had sent a OTP to Mr S's registered mobile number. This had been correctly entered and was how the transaction had been authorised. So Lloyds said it believed Mr S, or someone to whom he'd allowed access to his card and phone, had performed the disputed transaction.

Lloyds also said that Mr S had told them he'd been in touch with the university and that it had acknowledged having received the payment. Mr S had said the university was holding the payment as there was no student name attached to the payment. Lloyds told Mr S he should contact the university direct, as Lloyds had no control over what the university would do in regard to this.

Mr S wasn't satisfied and contacted this service. He said he wanted to know why Lloyds was refusing to recall the money from the university despite what he said was clear evidence he hadn't authorised the payment. As well as reimbursement of the £8,000 payment, he wanted interest.

Mr S explained to our investigator that during September 2023, he had been in an extremely vulnerable mental state due to his relative's critical health condition. Mr S said he had been prescribed medication for severe mental health issues and was struggling to manage even basic day-to-day tasks. So his family took over responsibility for handling routine

transactions and payments on his behalf. His relative died in October and Mr S then went abroad for the funeral. Mr S explained that at that time he had been was in no position to be fully aware of financial matters, including any transactions made from my account. This was why he hadn't noticed the transaction for some time. Mr S sent us a letter from his GP which set out Mr S's medical conditions and medication.

Our investigator expressed sympathy for Mr S's loss and the circumstances he'd found himself in.

The investigator didn't, however, uphold Mr S's complaint. He noted that Mr S had said that his family had access to his credit card and PIN, but didn't have online banking access, nor access to his mobile. Mr S told our investigator that no-one could have accessed any of his devices during that time. Also, Lloyds had no record that Mr S had made them aware of any medical conditions, or that his family would be taking control of his account.

Mr S had also told the investigator that the university had said it still had the money which it would return if Lloyds facilitated this. But Mr S couldn't provide any evidence what the university had told him.

Looking at the technical information, the investigator said that Lloyds had shown there had been multiple online banking logins throughout September and October 2023. The IP address (a unique computer identifier) appeared to be UK-based. And SCA, using two methods of identification, had been used. So the investigator said he couldn't see how the logins could have been anyone else than Mr S.

The investigator also noted that Lloyds had provided the call recording from 29 July 2024, when Mr S had first reported the dispute. Mr S had said he'd been out of the country at the time of the transaction on 7 September 2023. But Mr S had told this service that his relative died in October, and it was then that Mr S had gone abroad – a month after the disputed transaction.

The investigator also noted that Mr S had also made a call to Lloyds on 25 September 2023, about a cash machine problem in his area. But he hadn't mentioned the 7 September disputed transaction in that call. And the call showed Mr S was in the UK, with his mobile, and able to have some involvement in his finances, in September 2023.

So the investigator said that although he was sympathetic to Mr S's circumstances, he thought Mr S ought reasonably to have been aware of the disputed transaction significantly before he raised it with Lloyds. He didn't uphold Mr S's complaint and couldn't see how anyone other than Mr S could have authorised the disputed transaction.

Mr S didn't agree and asked for an ombudsman's decision.

He said the transaction had been made without his permission when he was mentally and physically unable to oversee financial matters because of his relative's death and his own mental health struggles. He said Lloyds had never asked for evidence of his relative's death, which made him think Lloyds hadn't taken this seriously. He said he'd also reported the matter to the police.

Mr S also sent evidence of his outgoing plane boarding pass dated 28 October 2023 and other travel documents from the same period. He also said he was now liaising direct with the university but needed information from Lloyds about the transaction. The investigator asked Lloyds, who twice provided more information, but Mr S said that wasn't what the university wanted. Our investigator told Mr S that the form he'd said the university wanted appeared to be related to an international transfer – but the disputed transaction hadn't been

an international payment. So he told Mr S he should contact the university again, and then approach Lloyds direct himself.

Mr S's complaint was passed to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

First, I'm sorry to hear about Mr S's bereavement and health difficulties. It must have been such a difficult time for him.

What this decision covers

This decision considers whether or not Lloyds has to refund Mr S for the disputed transaction which he said he didn't authorise. This is based on the relevant regulations about disputed transactions.

This decision doesn't deal with Mr S's recent emails with our investigator about forms which he said the recipient university requested. Mr S didn't provide us with any documentary evidence about his contact with the university, but despite this our investigator tried to help by asking Lloyds for the information which Mr S said he needed. Lloyds provided what information it could, but the form reference number which Mr S requested related to an international transfer. The disputed transaction wasn't an international transfer. It's up to Mr S to pursue this further with the university if he wishes. Lloyds isn't responsible for the university's decision about whether or not to refund the payment, and doesn't have to recall the payment in the circumstances here. So this service can't help further with that.

Regulations

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

So what I have to decide is whether it's more likely than not that Mr S, or someone else, authorised the disputed £8,000 transaction on 7 September 2023.

Who is most likely to have authorised the disputed transaction?

The disputed transaction took place on 7 September 2023, and Mr S told Lloyds that he hadn't made the payment because he'd been abroad at that time. But Mr S told our investigator that it was October 2023 when his relative died and he went abroad. He also sent us a copy of his outgoing plane boarding pass and other travel documents, showing his outgoing flight on 28 October. So Mr S was in the UK at the time when the disputed transaction took place on 7 September 2023.

The technical information about the payment shows that it was authorised using a OTP which had been sent to Mr S's registered mobile phone number. The text code from that message was then correctly entered on the online banking, which authorised the payment. The online banking had been accessed using SCA. Mr S told our investigator that no-one could have accessed any of his devices at that time. So I can't see how anyone other than Mr S could have authorised the disputed payment.

I've also listened to a phone call recording on 25 September 2023, just over three weeks after the disputed transaction. The voice on that call is consistent with other call recordings involving Mr S, including his conversations with our investigator, so I consider the call was genuinely made by Mr S. That call was about problems he had just had with a UK cash machine. He didn't dispute the 7 September transaction in that call. That's surprising, especially as the £8,000 payment was for a significant amount, so it seems very unlikely he wouldn't have noticed it, and reported it if he genuinely hadn't authorised it. Instead, he didn't dispute the 7 September 2023 payment until nearly 11 months later, at the end of July 2024.

I recognise that Mr S told us about health conditions from which he suffered at this time, and I'm sorry to hear about that. But neither in the 25 September phone call, nor in other contact with Lloyds, did he tell Lloyds about these, nor that he was unable to manage his account himself because of his difficulties.

Taking all these factors into account, I find that it's more likely than not that Mr S authorised the disputed £8,000 payment himself. This means that Lloyds doesn't have to refund Mr S, in line with the Payment Services Regulations 2017.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 January 2025.

Belinda Knight
Ombudsman